

29 January 2015

# Repurchase of own shares on ordinary trading line and second trading line on SIX Swiss Exchange Ltd



**SGS SA**  
Geneva

The Board of Directors of SGS SA, place des Alpes 1, 1201 Geneva («SGS») decided on 20 January 2015 to carry out a two-part share repurchase program with a maximum value of CHF 750 million. Of this amount, a maximum of CHF 500 million is to be repurchased via a second trading line on SIX Swiss Exchange Ltd for the purpose of share capital reduction, and a maximum of CHF 250 million is to be repurchased via the ordinary trading line on SIX Swiss Exchange Ltd for SGS' employee participation plans and to secure conversion rights of convertible bonds. The repurchase program will terminate on 30 December 2016 at the latest.

The execution of the share repurchase program depends on the market conditions and on the strategic opportunities for SGS. The Board of Directors intends to propose to future General Meetings capital reductions through the cancellation of the registered shares repurchased on the second trading line. The next Ordinary General Meeting will be held on 12 March 2015.

The shares of SGS are listed on SIX Swiss Exchange Ltd according to the Main Standard. The repurchase of own shares on the ordinary trading line is to be carried out by SGS Investments Limited, Jersey, a fully-owned subsidiary of SGS. The repurchase of own shares on the second trading line is to be carried out by SGS.

For illustrative purposes only, the repurchase volume of maximum CHF 750 million, based on the closing price of SGS' registered shares on 27 January 2015, corresponds to a maximum of approx. 436,000 registered shares resp. 5.6 % of the share capital and voting rights of SGS.

The share repurchase program is exempted from the provisions on public takeover offers provided for in section 6.1 of the Circular no. 1 of the Swiss Takeover Board dated 27 June 2013 and, for the repurchases on the ordinary trading line and second trading line, refers to a maximum of 782,243 registered shares, equivalent to a maximum of 10 % of the share capital currently registered in the commercial register and the voting rights of SGS (the currently registered share capital in the commercial register amounts to CHF 7,822,436.00, divided into 7,822,436 registered shares, each with a nominal value of CHF 1.00).

## GENERAL INFORMATION ON THE SHARE REPURCHASE ON THE ORDINARY TRADING LINE AND SECOND TRADING LINE

### DURATION OF THE SHARE REPURCHASE PROGRAM

The share repurchase program will start on 29 January 2015 and will end on 30 December 2016 at the latest.

SGS is not obliged at any time to repurchase its own registered shares; it will act as a buyer depending on market conditions and reserves the right to terminate the share repurchase program early.

### MAXIMUM DAILY REPURCHASE VOLUME

SGS publishes the maximum daily repurchase volume in accordance with Art. 55b(1)(c) of the Swiss Stock Exchange Ordinance on its website at the following address: <http://www.sgs.com/en/Our-Company/Investor-Relations/Stock-and-Bond-Information/Share-Buy-Back.aspx>

The maximum repurchase volume applies to repurchases on both the ordinary trading line and the second trading line.

### DISCLOSURE OF REPURCHASE TRANSACTIONS

SGS will provide regular updates on the transactions on and off the share repurchase program on its website: <http://www.sgs.com/en/Our-Company/Investor-Relations/Stock-and-Bond-Information/Share-Buy-Back.aspx>

#### OWN SHARES

**Number of registered shares**

140,417

**Capital share and voting rights**

1.80 %

In connection with its existing employee participation plans, SGS additionally holds sales positions (OTC Call Options) in the amount of 167'566 registered shares.

#### SHAREHOLDERS HOLDING MORE THAN 3 % OF THE VOTING RIGHTS

Groupe Bruxelles Lambert acting through Serena Sàrl, Luxembourg <sup>(1)</sup>

**Number of registered shares**

1,173,400

**Capital share and voting rights**

15.00 %

Group of shareholders consisting of:  
August von Finck, Munich,  
Francine von Finck, Munich,  
Maria-Theresia von Finck, Munich,  
August François von Finck, Pfäffikon,  
Luitpold von Finck, Bäch,  
Maximilian von Finck, Bäch <sup>(2)</sup>

1,170,232

14.96 %

The Bank of New York Mellon Corp., New York (indirectly) <sup>(3)</sup>

267,779

3.42 %

BlackRock, Inc., New York (indirectly) <sup>(4)</sup>

235,218

3.01 %

<sup>(1)</sup> As of: 8 October 2013.

<sup>(2)</sup> As of: 8 January 2010.

<sup>(3)</sup> As of: 3 December 2014. In addition, 262 purchase positions (American depository receipt) were held.

<sup>(4)</sup> As of: 15 January 2015. In addition 1,368 purchase positions (Contract for difference) and 3,975 sales positions (Contract for difference) were held.

SGS has no knowledge of the intentions of these shareholders regarding a potential sale of their registered shares in the context of the share repurchase program.

#### NON-PUBLIC INFORMATION

SGS confirms that it does not currently have any non-public information that is of relevance to the share price pursuant to the ad-hoc publicity regulations of SIX Swiss Exchange Ltd and that must be published.

## INFORMATION ON SHARE REPURCHASE ON THE SECOND TRADING LINE

### TRADING ON THE SECOND TRADING LINE ON SIX SWISS EXCHANGE LTD

In order to repurchase shares for cancellation purposes, a second trading line for the registered shares of SGS has been established on SIX Swiss Exchange Ltd. Only SGS may purchase shares on this second trading line (via the bank mandated to execute the share repurchase program), thereby acquiring its own shares for the purpose of subsequent capital reduction.

Ordinary trading in registered shares of SGS under securities number 249 745 will not be affected by this second trading line and will continue as usual on the ordinary trading line. An SGS shareholder wanting to sell shares therefore has the choice to either sell registered shares of SGS on the ordinary trading line or to sell them to SGS for the purpose of subsequent capital reduction on the second trading line.

Sales of shares on the second trading line will attract Swiss federal withholding tax at a rate of 35 % on the difference between the repurchase price of SGS registered shares and their nominal value. This will be deducted from the repurchase price («net price»).

#### REPURCHASE PRICE

The repurchase prices, or prices of registered shares of SGS traded on the second line respectively, are based on the prices of SGS registered shares on the ordinary trading line.

#### PAYMENT OF NET PRICE AND DELIVERY OF SECURITIES

Transactions on the second trading line represent regular stock market transactions. Payment of the net price (repurchase price less withholding tax on the difference between the repurchase price of the shares and their nominal value) and delivery of the shares thus occur, as customary, on the second trading day after the transaction date.

#### DUTY TO TRADE ON THE EXCHANGE

In accordance with the rules of SIX Swiss Exchange Ltd, over-the-counter transactions are not permitted for share repurchases on a second trading line.

#### TAXES AND DUTIES

With respect to withholding tax as well as direct tax, the repurchase of own shares for the purpose of capital reduction is treated as a partial liquidation of the company engaged in the repurchase. The implications for shareholders selling their shares on the second trading line are outlined below:

##### 1. Withholding tax

Swiss federal withholding tax amounts to 35 % of the difference between the repurchase price of the shares and their nominal value. The company engaged in the repurchase, or the bank mandated respectively, will deduct the tax from the repurchase price for payment to the Federal Tax Administration.

Shareholders domiciled in Switzerland are entitled to a reimbursement of the withholding tax provided they are beneficial owners of the shares at the time they are surrendered and they do not avoid taxes (art. 21 of the Withholding Tax Law). Shareholders domiciled outside Switzerland may reclaim the tax in accordance with any applicable double taxation agreements.

##### 2. Direct taxes

The following applies to the levying of direct federal income tax. Cantonal and municipal taxation procedures are, as a rule, the same as for federal tax.

##### a. Shares held as private assets:

For shares repurchased by the company, the difference between the repurchase price and the nominal value of the shares constitutes taxable income (nominal value principle).

##### b. Shares held as corporate assets:

For shares repurchased by the company, the difference between the repurchase price and the book value of the shares constitutes taxable profits (book value principle).

Shareholders domiciled outside Switzerland will be taxed according to the applicable laws of their respective country.

##### 3. Fees and duties

The repurchase of own shares for the purpose of capital reduction does not attract stamp duty. However, the SIX Swiss Exchange Ltd fee will apply.

#### NOTE

**This notice does not constitute an issue prospectus as defined in articles 652a and 1156 of the Swiss Code of Obligations.**

**This offer is not made in the United States of America and to US persons and may be accepted only by Non-US persons and outside the United States. Offering materials with respect to this offer may not be distributed in or sent to the United States and may not be used for the purpose of solicitation of an offer to purchase or sell any securities in the United States.**

#### BANK MANDATED

##### CREDIT SUISSE AG

Credit Suisse AG will, on behalf of SGS, be the sole stock exchange member to offer bid prices for registered shares of SGS on the second trading line and in the context of the repurchase program on the ordinary trading line.

Registered shares with a nominal value of CHF 1.00 each

**Securities No.**

249 745

**ISIN**

CH 000 249745 8

**Ticker symbol**

SGSN

Registered shares with a nominal value of CHF 1.00 each (share repurchase, second trading line)

26 807 681

CH 026 807681 4

SGSNE

